

Act No. 75
Public Acts of 1989
Approved by the Governor
June 19, 1989
Filed with the Secretary of State
June 20, 1989

**STATE OF MICHIGAN
85TH LEGISLATURE
REGULAR SESSION OF 1989**

Introduced by Reps. Mathieu, Bartnik, DeMars, Joe Young, Sr., Sikkema, Hoffman, Runco, Gnodtke, Krause, Strand, Leland, Dolan, Muxlow, Pitoniak, Weeks, Middaugh, Porreca, Ciaramitaro, Rocca, Sofio, Wartner, Giese, Jaye, Spaniola, Maynard, Miller and Stupak
Reps. Allen, Alley, Bandstra, DeBeaussiaert, Dodak, Dunaskiss, Fitzgerald, Gagliardi, Gilmer, Gire, Gubow, Hoekman, Hunter, Jacobetti, Johnson, Jondahl, Knight, Kosteva, London, Martin, Murphy, O'Connor, Ostling, Ouwinga, Power, Pridnia, Randall, Scott, Stopezynski, Varga, Wallace, Watkins, Webb and Joe Young, Jr. named co-sponsors

ENROLLED HOUSE BILL No. 4175

AN ACT to amend section 527a of Act No. 281 of the Public Acts of 1967, entitled "An act to meet deficiencies in state funds by providing for the imposition, levy, computation, collection, assessment, and enforcement by lien and otherwise of taxes on or measured by net income; to prescribe the manner and time of making reports and paying the taxes, and the functions of public officers and others as to the taxes; to permit the inspection of the records of taxpayers; to provide for interest and penalties on unpaid taxes; to provide exemptions, credits and refunds of the taxes; to prescribe penalties for the violation of this act; to provide an appropriation; and to repeal certain acts and parts of acts," as amended by Act No. 516 of the Public Acts of 1988, being section 206.527a of the Michigan Compiled Laws.

The People of the State of Michigan enact:

Section 1. Section 527a of Act No. 281 of the Public Acts of 1967, as amended by Act No. 516 of the Public Acts of 1988, being section 206.527a of the Michigan Compiled Laws, is amended to read as follows:

Sec. 527a. (1) For tax years 1985 through 1991, a claimant may claim a credit against the state income tax for heating fuel costs for the claimant's homestead in this state. An adult foster care home, nursing home, home for the aged, or substance abuse center shall not be considered a homestead for purposes of this section. The credit shall be determined in the following manner:

(a) For the 1988 tax year through the 1991 tax year, the following table shall be used for the computation of a credit as computed under subdivision (c):

Exemptions	0 or 1	2	3	4	5	6 or more
Credit	\$272	\$326	\$379	\$450	\$525	\$601 + \$76 for each exemption over 6

(b) For tax years subsequent to the 1988 tax year, the amounts in the table in subdivision (a) shall be adjusted each year as necessary by the department so that a claimant with a household income less than 110% of the federal poverty income standards as defined and determined annually by the United States office of management and budget is not denied a credit.

(c) A claimant shall receive the greater of the credit amount as determined in subparagraph (i) or (ii):

(i) Subtract 3.5% of the claimant's household income from the amount specified in subdivision (a) that corresponds with the number of exemptions claimed in the return filed under this act, except that the number of exemptions for purposes of this subdivision shall not exceed the actual number of persons living in the household plus the additional personal exemptions allowed under section 30, and any dependency exemptions for a person or persons living in the household under a custodial arrangement, even if the exemptions may not be claimed for other income tax purposes.

(ii) Subject to subdivision (h), for a claimant whose household income does not exceed the maximum specified in the following table, as adjusted, that corresponds with the number of exemptions claimed in the return filed under this act, subtract 11% of claimant's household income from the total cost incurred by a claimant for heating fuel from a heating fuel provider during the 12 consecutive monthly billing periods ending in October of the tax year, and multiply the resulting amount by 70%:

Exemptions	0 or 1	2	3	4	5	For each exemption over 5, add \$2,441.00 to the maximum income
Maximum Income	\$7,060	\$9,501	\$11,943	\$14,382	\$16,824	

(d) For the 1988 tax year for the purposes of subdivision (c), the total cost incurred by a claimant for heating fuel from a heating fuel provider shall not exceed \$1,190.00. For tax years subsequent to the 1988 tax year, the maximum cost incurred by a claimant for heating fuel during a tax year shall be adjusted by multiplying the maximum cost for the preceding tax year by the percentage by which the average all urban Detroit consumer price index for fuels and other utilities for the 12 months ending August 31 of the tax year for which the credit is claimed exceeds that index's average for the 12 months ending on August 31 of the previous tax year, but not more than 10%. That product shall be added to the maximum cost of the preceding tax year and then rounded to the nearest whole dollar. That dollar amount is the new maximum cost for the current tax year. If the claimant received any credits to his or her heating bill during the tax year, as provided for in subsection (4), the credits shall be treated as costs incurred by the claimant.

(e) For tax years subsequent to the 1988 tax year, the maximum income amounts specified in subdivision (c)(ii) shall be adjusted by multiplying the respective maximum income amounts for the previous tax year by the percentage by which the average all urban Detroit consumer price index for all items for the 12 months ending August 31 of the tax year for which the credit is claimed exceeds that index's average for the 12 months ending on August 31 of the previous tax year, but not more than 10%. That product shall be added to the previous tax year's respective maximum income level and then rounded to the nearest whole dollar. That dollar amount is the new maximum income level for the then current tax year.

(f) As used in this section:

(i) "Heating fuel provider" means an individual or entity that provides a claimant with heating fuel or electricity for heating purposes.

(ii) "Enrolled heating fuel provider" means a heating fuel provider that is enrolled with the department of social services as a heating fuel provider.

(g) An enrolled heating fuel provider shall notify each of its customers, not later than December 15 of each year, of the availability, upon request, of the information necessary for determining the credit under this section.

(h) If an enrolled heating fuel provider refuses or fails to provide to a customer the information required for determining the credit, or if the claimant is not a customer of an enrolled heating fuel provider, a claimant may determine the credit provided in subdivision (c)(ii) based on his or her own records.

(2) A credit claimed on a return covering a period of less than 12 months shall be calculated based on subsection (1)(c)(i) and shall be reduced proportionately.

(3) If the allowable amount of the credit under this section exceeds the state income tax otherwise due for the tax year, the amount of credit not used as an offset against the state income tax shall be remitted to the claimant, other than a claimant whose heating costs are included in his or her rent, in the form of an appropriate energy draft that states the name of the claimant and is issued by the department. After July 31, a refundable credit for a prior tax year may be paid in the form of a negotiable warrant. The energy draft shall be negotiable only through an enrolled heating fuel provider upon remittance by the claimant to the claimant's enrolled heating fuel provider. If, when a claimant remits an energy draft to an enrolled heating fuel provider, the amount of the energy draft is greater than the total of outstanding bills incurred by the claimant with the

enrolled heating fuel provider, the claimant, by checking the appropriate box to be included on the energy draft, may request from the enrolled heating fuel provider a payment in an amount equal to the amount of the energy draft less the amount of the outstanding bills. The enrolled heating fuel provider shall issue the payment within 14 days after the claimant's request.

(4) If a claimant whose energy draft exceeds his or her outstanding bills does not request a payment from an enrolled heating fuel provider under subsection (3), an energy draft remitted to an enrolled heating fuel provider shall be applied upon receipt to the claimant's designated account. The energy draft may be used to cover outstanding bills that the claimant has incurred with the enrolled heating fuel provider and to cover subsequent heating costs until the full amount of the energy draft is used or until 1 year after the date on which the energy draft is first applied to the claimant's designated account. If a credit amount remains from this energy draft after the 1-year period, or if prior to the end of the 1-year period a claimant is no longer a customer of the heating fuel provider, the enrolled heating fuel provider shall remit the remaining unused portion to the claimant in the form of a fully negotiable check within 14 days after the end of the 1-year period or within 14 days after termination of service, whichever is sooner. A claimant who is no longer a resident of the state of Michigan, a claimant who is not a customer of an enrolled heating fuel provider, or a claimant whose heating fuel provider refuses to accept an energy draft shall return the energy draft to the department and request the issuance of a negotiable warrant. A claimant may return an energy draft to the department and request issuance of a negotiable warrant if the energy draft is impractical because the claimant has already purchased his or her energy supply for the year and does not have an outstanding obligation to an enrolled heating fuel provider. The department may honor that request if it agrees that the use of the energy draft is impractical. The department shall issue the warrant within 14 days of receiving the energy draft from the claimant. The enrolled heating fuel provider shall bill the department for credit amounts that have been applied to claimant accounts pursuant to this subsection, and the department shall pay the bills within 14 days of receipt. The billing shall be accompanied by the energy drafts for which reimbursement is claimed. A claimant whose heating fuel is provided by a utility regulated by the Michigan public service commission shall be protected against the discontinuance of his or her heating fuel service during a period beginning December 1 of the tax year for which the credit is claimed and ending March 31 of the following year if the claimant participates in the winter protection program set forth in R 460.2162(2) to (6) of the Michigan administrative code. The acceptance of an energy draft by a utility shall be considered an application by the claimant for the winter protection program. The energy draft shall be coded by the department to denote claimants who are age 65 or older. If the claimant is a renter whose heating cost is included in his or her rent payments, the amount of the claim not used as an offset against the state income tax, after examination and review, shall be approved for payment, without interest, to the claimant.

(5) If an enrolled heating fuel provider does not issue a payment or a negotiable check within 14 days as provided in subsection (3) or (4), beginning on the fifteenth day, the amount due to the claimant is increased by adding interest computed on the basis of the rate of interest prescribed for delayed refunds of excess tax payments in section 30(3) of Act No. 122 of the Public Acts of 1941, being section 205.30 of the Michigan Compiled Laws. The enrolled heating fuel provider shall pay the interest and shall not bill the interest to or be reimbursed for the interest by the department.

(6) Only the renter or lessee shall claim a credit on property that is rented or leased as a homestead.

(7) Only 1 credit may be claimed for a household.

(8) The credit under this section is in addition to other credits to which the claimant is entitled under this act.

(9) A person who is a full-time student at a school, community college, or college or university and who is claimed as a dependent by another person, or a person who is a current recipient of general assistance or aid to families with dependent children from the department of social services pursuant to the social welfare act, Act No. 280 of the Public Acts of 1939, as amended, being sections 400.1 to 400.121 of the Michigan Compiled Laws, is not eligible for the credit provided by this section. As used in this subsection, "current recipient" means a person who receives either general assistance or aid to families with dependent children during the entire qualifying period from January 1 through April 15 in the year following the year for which the claim is made.

(10) A claimant who shares a homestead with other eligible claimants shall prorate the credit by the number of claimants sharing the homestead.

(11) A claimant who is eligible for the credit provided by this section shall be referred by the department to the appropriate state agency for determination of eligibility for home weatherization assistance and shall accept weatherization assistance if eligible and if assistance is available. A heating fuel provider that is required by the Michigan public service commission to participate in the residential conservation services home energy analysis program shall annually contact each claimant to whom it provides heating fuel, and whose usage exceeds 200,000 cubic feet of natural gas or 18,000 kilowatt hours of electricity annually, and shall offer to provide a home energy analysis at no cost to the claimant. A heating fuel provider that is not required to

participate in the residential conservation services program shall not be required to conduct a home energy analysis for its customers.

(12) If an enrolled heating fuel provider is regulated by the Michigan public service commission, the public service commission may use an enforcement method authorized by law or rule to enforce the requirements prescribed by this section on the enrolled heating fuel provider. If an enrolled heating fuel provider is not regulated by the public service commission, the department of social services may use an enforcement method authorized by law or rule to enforce the requirements prescribed by this section on the enrolled heating fuel provider.

(13) The department shall complete a study by August 1 of 1985, and of each subsequent year, of the actual heating costs of each claimant who received a credit from the department under this section for the preceding tax year.

(14) The department may promulgate rules necessary to administer this section pursuant to the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, as amended, being sections 24.201 to 24.328 of the Michigan Compiled Laws.

(15) The credit under this section shall not be effective in a year unless the Michigan state plan for that year required by section 2605 of the low-income home energy assistance act of 1981, 42 U.S.C. 8624, allocates the available federal low-income energy assistance program block grant money, including the private-oil company overcharge settlement money, to fund the credit allowed by this section in not less than the same percentage as was actually used to fund the credit in the prior fiscal year, unless the appropriation committees of the house of representatives and senate approve an alternative plan as recommended by the director of the department of social services.

This act is ordered to take immediate effect.

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Clerk of the House of Representatives.

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Secretary of the Senate.

Approved.....

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Governor.